U. S. Army - Baylor University
Graduate Program in Healthcare Administration

# THE DEVELOPMENT OF A MARKETING PROGRAM FOR WOMACK ARMY MEDICAL CENTER FORT BRAGG, NORTH CAROLINA

A Graduate Management Project
Submitted to
the Faculty of Baylor University
In Partial Fulfillment of the Requirements for the Degree of
Master of Healthcare Administration

By

Karen N. Plante
Captain, Medical Service Corps
U.S. Army

Fayetteville, North Carolina
May 1997

## Table of Contents

**Acknowledgements**

Many people were involved in the development, research and publication of this project. Many more were integral in providing the education, experience and support that prepared me for my residency and facilitated the completion of this research. I would like to extend my thanks to the faculty of the U.S. Army-Baylor Graduate Program in Healthcare Administration, the staff of Womack Army Medical Center, and those individuals and organizations throughout North Carolina and Virginia who participated in the data collection process. Special thanks goes to the marketing staffs at Johns-Hopkins University Hospital, Sentara Health Systems, PHP Healthcare, Inc., Walter Reed Army Medical Center, DeWitt Army Community Hospital, and the Veterans' Administration Hospital in Fayetteville.

I am indebted to my preceptor, COL Fine, and my commander, COL Auer, for providing both the freedom and support required to complete this project and pursue a wide variety of educational opportunities throughout my residency. I extend heartfelt thanks to my husband, Dirk, for supporting me throughout this effort and providing invaluable proofreading expertise. Success on my part is a direct reflection on the support provided by these and many others. Any shortcomings are mine alone.

## Abstract

Over the past decade, marketing has become a widely accepted business practice in the health care marketplace. This development has been further fueled by the increasing prevalence of managed care in the industry. Managed care, by definition, is a market based enterprise. Its successful implementation requires organizational commitment to market-based principles. This research assesses the design, function, and success of a variety of health care organizations geographically located in TRICARE Mid-Atlantic Region 2 (North Carolina and Virginia). The survey results profile and compare the demographic characteristics, managed care participation, and marketing use and development of for-profit, not-for-profit, and government health care organizations.

The study results are assessed based on their implications for the development of a successful marketing program for Womack Army Medical Center at Fort Bragg, North Carolina. Recommendations are made concerning the optimal design, function, staffing and organizational interfaces that will allow Womack to best meet the demands of the managed care environment.

## List of Tables

# CHAPTER ONE

## Introduction

Today's health care environment is changing rapidly. In a trend which began over twenty years ago, the health care industry continues to develop itself in the mainstream marketplace, closely resembling its counterparts in the competitive business world. Health care organizations have, for the most part, adapted well to this new environment. Some, however, have found themselves overcome by events because they were not positioned to respond rapidly to the many changes in the industry. Any organization functioning in an industry that moves as fast and changes as frequently as health care can find itself falling behind its peers and being surpassed by newly developing organizations. When this occurs, many organizations expend tremendous resources just trying to keep their head above water.

This reactive mode can consume the organization as attention is diverted to the crisis at hand. Managers no longer develop those areas that are essential to the long term viability of the organization. Areas such as marketing and strategic planning lose relevance as the organization attempts to make it through the current week, month or year. This can be the beginning of a downward spiral as the organization loses focus and finds itself directionless--with no path and no destination. As the health care industry becomes more business-savvy, organizations which find themselves in this situation are increasingly demonstrating the foresight to direct their scarce resources into preparing for a successful future. Such awareness of, and dedication to, strategic thinking is now indicative of successful organizations in all industries--including health care.

The realm of military medicine is no exception to the frantic world of health care. In fact, the environment in which military medicine exists may be even more

tumultuous than that of its civilian counterparts. This perpetual chaos experienced by military medical treatment facilities (MTFs) makes the need for effective marketing programs clearly evident. Such programs will help to identify the optimal course for an organization based on its current mission, and help identify alternate courses of action to take advantage of emerging opportunities in the marketplace. Effective marketing is a continual process which leads to the formulation of successful strategy based on accurate and relevant data from the organization and its external environment. This research will attempt to identify those elements necessary to create and develop an effective marketing program at one military MTF, Womack Army Medical Center (WAMC) located at Fort Bragg, North Carolina.

## Conditions Which Prompted the Study

The health care environment is extremely complex and the factors influencing the business decisions in today's health care organizations are immeasurable. There are three distinct and identifiable trends which brought WAMC to consider its needs for a marketing program. The first trend is the development of marketing as a sound business practice in health care organizations. Second is the evolution of the WAMC mission to function in a managed care environment. Lastly is the realization that WAMC, as an institution, has lagged behind its peers in developing a strategic mindset and actively pursuing activities which will position it to succeed in the current and future marketplace.

### Marketing as a Business Practice

Although the marketing process was not always an accepted business practice in health care, it has become a cornerstone upon which many organizations build their success. The last decade has seen tremendous changes in the way the federal and state governments spend taxpayer dollars. These major cutbacks in spending

have required MTFs to rethink the entire premise upon which they have operated for decades. Accountability is key, and sound business practices from the civilian, for-profit sector are now generally followed in the non-profit sector. In addition, the economy has prompted for-profit firms to aggressively pursue non-profits as direct competitors. To remain viable, non-profits must maintain a competitive edge in the business world (Kotler and Andreasen 1987, 7-8; Jeffrey 1996, B10).

Both the non-profit and government sectors lag behind for-profit businesses in pursuing new business initiatives (Kotler and Andreasen 1987; DoD 1996, 4). This has made transition doubly hard for military MTFs which are restrained by the bureaucracy of government and the lag of the non-profit health care industry. MTFs are frequently operating under business theories that are a decade or more old. A brief synopsis of the evolution of the marketing concept will be helpful in understanding the changes that have taken place during this century and continue to impact the development of marketing in health care organizations.

Literature about marketing concepts has been commonplace over the last half century. The way business perceives the role of marketing has evolved over this period of time. Marketing in modern organizations is a primary element in maintaining a forward-reaching focus. But this was not always the case. Although marketing as a business philosophy was present at the turn of the century in many for-profit commercial organizations, its application in non-profit organizations wasn't really highlighted until the period between 1969 and 1973 (Kotler and Levy 1969, 5-10; Kotler and Zaltman 1971, 3-12; Shapiro 1971, 3-12). Actual application of these marketing techniques in the health care sector didn't take hold until the late 1970s (Manu et al 1996, 12).

The marketing function has gone through many phases since it emerged as a mainstream business practice. Near the turn of the century, a time when the United States was seeing great innovation and inventions such as the light bulb and

automobile, the business community focused on product development. Creative thinkers were employed to make judgments about what the customer might want, and then tasked to create products that fit the bill. This "product orientation" was mainstream for marketing focus until the introduction of mass production technologies between 1910 and 1920 (Kotler and Andreasen 1987, 38).

With the popularity of mass production in the 1920s, economies of scale became the focus of management and, thus, marketing efforts. By selling in greater volume, producers of goods and services could sell their wares cheaper. Although this "production orientation" is still employed in many businesses, such organizations are finding themselves increasingly criticized for alienating both employees and customers through their attempts to become streamlined and highly efficient. Attacks on this mindset are evident in many current commercial advertisements. Both manufacturing and service industries are now trying to present an image of quality based upon personalized, custom service. Consumers are increasingly turning to specialized service and customer oriented businesses. They want to be recognized as individuals, not as just the next sale. Understanding and adapting to this move from "production orientation" to "customer orientation" is essential for success as MTFs move into the 20th century.

Kotler described a customer oriented organization as one where "the main task of the organization is to determine the perceptions, needs, and wants of target markets and to satisfy them through the design, communication, pricing, and delivery of appropriate and competitively viable offerings" (Kotler and Andreasen 1987, 41). This is the essence of modern marketing. It promotes a customer focus for all organizational functions. Without marketing, health care organizations would make decisions based upon the desires of its members, not its customers (Manu 1996, 12).

This philosophy is increasingly promoted at all levels of the military health care structure. The new commander of WAMC has made it extremely clear that making the hospital more customer oriented is a top priority. This emphasis echoes that of other military leaders. The 1996 TRICARE Marketing Plan put forth by Dr. Stephen Joseph, Assistant Secretary of Defense (Health Affairs) advocates the identification of customer needs and states TRICARE goals as including improving access to care, ensuring "high-quality, customer-focused, consistent health care benefits" at low or no cost, and preserving choice (DoD 1996, 3). Lieutenant General Blanck, the new Surgeon General of the Army, will undoubtedly be an influential presence as MTFs continue to develop a customer focus. He identified marketing as one of the key tools for change in his focus for moving the Army Medical Department into the next century (Stanley 1996).

## Evolving Managed Care Mission

WAMC is part of one of the largest health systems in the United States. The United States military provides care for approximately 8.2 million people and spent in excess of $15 billion dollars in 1995 (DoD 1996, 3). As one of more than 600 hospitals and clinics in the military system, WAMC is feeling the impact of the changes which the military system has undergone in recent years. Changes include an increase in accountability, the downsizing of government and the military, the introduction of managed care and competition, and a fundamental shift in the operational mindset of the military medical system. Military medicine has entered a new realm with the advent of managed care. Understanding some of the evolutionary developments that brought the military medical system to its present state will assist in identifying the context of the decisions with which WAMC is now faced.

After the initiation of Medicare and Medicaid in the 1960s, the growth rate of government health care expenditures experienced a rapid increase. This growth

continued through the 1980s to a point where health care budgets were excessive. But the military priority at the time was to prepare for a major land war. As a result, the Army Medical Department (AMEDD) received adequate resources to continue business as usual. With the dissolution of the Soviet Bloc at the end of the decade, there was renewed emphasis on how military dollars were spent. An assessment of the health care system identified that CHAMPUS costs were completely unacceptable (U.S. Army Medical Department 1996).

In the 1990s the military threat of the Cold War became more diffuse, resulting in the major drawdown of the military. In response to these reductions, the Department of Defense (DoD) and the AMEDD acknowledged that the medical system would have to change to accommodate the different force structure (U.S. Army Medical Department 1996). The DoD initiated the CHAMPUS Reform Initiative (CRI) to see if the managed care concept, which was sweeping the civilian health care market, was feasible within the military system. The CRI project was sufficient to demonstrate a potential for military managed care. In 1992, Gateway to Care (GTC) was established. This initiative laid the groundwork for managed care in MTFs by establishing a capitated funding environment. GTC then gave way to TRICARE. Lieutenant General Alcide M. LaNoue, former Surgeon General of the Army, emphasized that functioning after the transformation to TRICARE "has to result in not just a smaller cold war army but a differently oriented army with a different structure and focus that is better" (U.S. Army Medical Department 1996). This transformation is currently underway in most MTFs.

TRICARE is a full-scale managed care program which will encompass the care of all beneficiaries and will be in place nationwide by the end of 1997 (DoD 1996, 5). Some of the major changes TRICARE will have on operations at the MTF level include the shift to using a local contractor who will provide primary care for a large portion of the beneficiary population. It will also firmly entrench the capitated

budgeting process and establish a competitive relationship between the TRICARE contractor and the MTF. General Gordon R. Sullivan, former Army Chief of Staff, stated that TRICARE is forcing MTFs to become truly customer-focused because their ability to attract and retain beneficiaries will determine their future level of funding (U.S. Army Medical Department 1996). As WAMC prepares for the initiation of the TRICARE contract, its focus is moving toward satisfying its customers and developing the competitive skills required to succeed in the managed care marketplace.

## Absence of Strategy

Within the backdrop of the evolving military health care system, WAMC has been slow to react to this new environment. A review of previous efforts within the marketing realm revealed a stark absence of organized and coordinated marketing practices. There are bits and pieces of a potential marketing program in place that will facilitate the development process. There is also evidence of one recent effort to initiate a marketing program. But despite the concurrence of the primary staff members on the need to be actively involved in marketing activities, and a recent attempt at investing resources in the marketing arena, WAMC still has no functional marketing cell in place.

### What WAMC has now

The Public Affairs position at WAMC is well developed. The Public Affairs Officer (PAO) is well-established and well-received by both the staff and the community. She has developed a positive relationship with officials on the military installation and throughout the surrounding civilian communities. The mechanism in place for getting information to the consumer is excellent based on consumer

response. Largely due to efforts by the PAO, WAMC is perceived as responsive to information demands and highly concerned about the public welfare.

The PAO position has existed under that title for only three years, although the function of a PAO existed in a functional capacity since 1989. The PAO office is augmented with an office automation clerk who, in reality, provides a much broader service than the title implies. This individual is actually an assistant to the PAO who is trained to perform many of the PAO duties in her absence, including responding to information requests, writing copy for print and broadcast media, monitoring media reports about subjects of interest to the organization, and coordinating interviews and visits within the hospital. The role of the PAO office generally does not extend beyond the promotion function of marketing. Although the PAO may be able to provide some insight into the customer base due to the proximity to and interaction with the community, the PAO has no formal role in product definition, development of delivery mechanisms, placement of services, establishment of compensation systems, or strategic planning.

What WAMC has tried

Three years ago, WAMC established a marketing committee which was formed to address issues involved with promoting WAMC's services and, in particular, start the information flow revolving around the initiation of TRICARE in the region. Members of this committee were designated to oversee the selection of a marketing consultant to prepare a marketing plan for the hospital.

The Marketing Plan which was assembled for the command in 1995 has a great deal of interesting statistical information from hospital databases and outside organizations such as the American Hospital Association and the State of North Carolina. It contains a lot of numbers and statistics which, while necessary for a good assessment, are of minimal use without analysis and interpretation. This statistical

information does have the potential to be useful as baseline data when the organization has a marketing program in place. The major problem with the investment in this plan is that it didn't "plan" anything, and no follow-up action was taken to apply this information to address management issues. In essence, no one knew what to do with it.

The document was prepared by a short-term temporary consultant who was hired for six months and worked fairly independently within the organizational structure. She subsequently departed the organization. Outside of completing staff surveys (consisting primarily of questions answered on a five-point scale), there was no documentation of significant interaction with the WAMC staff. A project of this nature requires significant participation from the staff. The analyst cannot get a true feel for the culture of the organization by counting check-marks on a survey form. No analysis of the survey results is documented. The SWOT analysis (Appendix A), the only truly interpretive portion of the study, was only one-half of one page in length. The strengths, weaknesses, opportunities, and threats listed were not interpretive outcomes of the information which was gathered. They were long-established broad statements such as: WAMC is a military institution and has a captive customer base. While it is true that we are a military institution, the whole premise of initiating the marketing project was to prepare for the approaching implementation of TRICARE which would allow all non-active duty beneficiaries a choice in where they seek care. So the listing of a captive customer base as strength demonstrates that this consultant did not have a good grasp on the environment in which WAMC was operating. Essentially, this document was not a functional tool for the command or the staff.

The marketing knowledge at WAMC is still in its infancy. An extensive and imposing document, such as that which was produced, is better suited to a facility which has the mechanism to digest the information, interpret the data, and put it to

good use. All WAMC ended up with was an impressive-looking bundle of data. No assessments, recommendations or courses of action were identified. Despite its title, this was *not* a marketing plan.

The current WAMC leadership recognizes that the marketing efforts have been delayed far too long. The inclination to get everything done "yesterday" is very strong. A better approach is to take the extra time to establish a well-structured, appropriately placed system staffed with qualified and experienced marketing personnel. The extra time required to create a solid base will undoubtedly pay off as the program develops and matures. Jumping in blindly and throwing money at the marketing void will only serve to create a very expensive void. A lesson this hospital undoubtedly learned after its experience with the last marketing consultant. Good planning with due consideration for the present time constraints will result in an optimal initial strategy. The first steps toward establishing a solid marketing program will begin as this research progresses.

WAMC is operating in an environment where health care organizations of all sizes, from all specialties and all sectors, are aggressively pursuing marketing objectives (Jeffrey 1996, B10). While the organization is undisputedly behind its competitors and partners in developing marketing strategies, WAMC is currently experiencing a renaissance in its operating practices. With the arrival of an almost entirely new executive staff, all areas of the hospital are experiencing a transition in business practices. WAMC is coming of age and joining the competitive world. The formation of a functional marketing program will be a cornerstone of this new business mentality.

## Statement of the Problem

What are the optimal program design, function, staffing and organizational interfaces for establishing and developing a marketing program at Womack Army Medical Center that will best meet the demands of the managed care environment?

## Literature Review

There is an ample amount of literature now available on various aspects of marketing. Numerous professional journals are published on a wide range of marketing topics to include specialization in hospitals/health care and strategic management. Many general business or healthcare publications also publish material on marketing. Numerous books are also available which focus on marketing themes. Information papers, conference presentations, and organization specific marketing documents also provide valuable sources of information. The recent literature will be discussed as it pertains to defining the marketing concept, identifying the relationship between marketing and strategic planning, examining the prominence of marketing function, exploring the technological developments which support marketing programs, and assessing the potential for increased military participation in marketing efforts.

Before an organization makes a significant investment in marketing, careful analysis and thoughtful deliberation is needed to ensure that resources are invested in an optimal fashion (Smith and Reid 1986, 185). There is a consensus in the literature that many "marketers" are people drafted from the public relations arena and true marketing constitutes only a small portion of their responsibilities (Little, McDermott and Franzak 1994, 17; Smith and Reid 1986, 85). Most marketing positions in hospitals were established in the early to mid-eighties (Smith and Reid 1986, 186). Many organizations are accustomed to focusing on PR and have difficulty adjusting focus to encompass more strategic objectives. Because the results of marketing can

be difficult to measure objectively, business leaders are often hesitant to provide adequate resources to optimize the program's results. It is evident from the literature that how a marketing program is measured and evaluated will frequently determine the longevity of the program (Smith and Reid 1986, 188).

## Marketing Defined

The discussion of marketing concepts requires a clear understanding of what modern marketing is--and what it is not. One of the most common barriers to successful marketing is that many of the key players who *think* they understand marketing, really don't. The misapplication of terminology comes, in part, from the casual use, or misuse, of marketing and business terms. Many people think of marketing solely as public relations, advertising or sales promotion (getting the word out/educating the customer, etc.). While promotion activities are an important element in a successful marketing program, it is only one piece of the marketing puzzle.

Many different authors, researchers, marketers, and business executives have composed varying definitions for all that marketing entails. Many offer extensive explanations, breaking the marketing process into various levels, stages, elements and activities. The entire range of these definitions have been evaluated as part of this research. Despite the differing detail and verbiage, the descriptions of marketing published in the last decade generally break down into the same essential elements. These elements are definitive of the marketing philosophy. In a compilation of definitions offered by several authors, the marketing philosophy used in this study is characterized as the process of determining the wants, needs and values of target markets, and of shaping the system to deliver a desired level of satisfaction (Cooper 1994, 7; Walsh 1996; Manu et al 1996, 12). This simple and brief description of marketing will serve as the functional definition for this research.

Additionally, several authors extend their definitions to include the purpose of marketing. Cooper (1994, 7) states the purpose as providing "a viewpoint from which to integrate the organization, analysis, planning, implementation and control of the health care system." Kotler's definition of marketing for health care organizations includes Cooper's five areas of integration brought together in a carefully formulated program designed to bring about voluntary exchange of values within target markets for the purpose of achieving organizational objectives. These organizational objectives encompass satisfying the stakeholders. The primary stakeholder in any service organization is the customer.

## Marketing and Strategic Planning

In Kotler's description of a customer oriented organization the successful marketer must perform many tasks--only *one* of which is communication. As indicated by the definition, the focus of marketing is in the evaluation of the marketplace and all the assessment and analysis that entails. This external analysis is performed in concert with internal evaluation, all of which is assessed in light of current and future trends. This forward-looking orientation makes marketing an integral part of the strategic decision-making process.

Every author reviewed for this research agrees that marketing is not a sequential function in business planning. To be effective it must be a constant and continuous process. Evaluation and analysis by marketers feed into strategic planning which constantly feeds into marketing, in an unending cycle (Schultz, Tannenbaum and Lauterborn 1996; Cooper 1994; Dolan 1991; Walker and Ruekert 1987). This allows the organization to keep the planning function in touch with the marketplace and ensure that marketers are assessing those areas which are of interest to the planners. Manu et al (1996, 14) assert that marketers need to be involved with a broad range of activities, including new service development, service elimination,

pricing, internal training and development, building design, and long range planning. The knowledge of the consumer and the environment that marketing brings to the organizational decision-making process is fundamental to developing a customer oriented business environment.

It is the customer orientation theory of marketing which provides the basic concept for evaluating marketing options in this research. The extent to which a method, procedure, or structure carries the potential to move Womack toward the customer orientation mindset, will determine the design to be recommended to the executive staff for implementation.

## Prominence of the Marketing Function

The first requirement for an effective marketing program in any organization is that the organization have "a clear and deeply ingrained appreciation for what marketing is and what it can do for the organization" (Kotler and Andreasen 1987, 35). Research (Naidu and Narayana 1991) conducted in 1991 found that many respondents never conducted any marketing studies. A study published only three years later showed all hospitals were using market research at some level (Little et al 1994, 18), with larger hospitals being most involved in market research. This research indicated however, that all hospitals need to expand market research activities to include competitive and industry analysis (Little et al 1994). Richard L. Johnson's work corresponds with this assessment as he identifies consolidation and competition as the keys to the new economic era (1994, 65).

Ruekert and Walker (1987) discuss the marketer's role as essential in coordinating external demands with the internal resources capable of satisfying those demands. They also note that the majority of marketing literature discusses what *should* be done, but feel that more research is needed on the predictive theoretical frameworks of marketing which would provide a more comprehensive picture of the

organization. Such frameworks would consider the political environment of the organization and all the underlying influences which impact the ultimate outcome of marketing efforts. Ruekert and Walker feel that there is insufficient recognition of the differences that make every organization unique. This assessment supports the concept that there is no single "right way" to market that will work in all environments.

Regardless of the approach an organization takes toward marketing, business analysts and researchers strongly agree that organizations with effective marketing departments have a clear advantage in the market place (Webster 1992, 14-5; Achrol 1991, 78; Griffith and Baloff 1984). Organizations that have marketing programs currently in place need to expand them to encompass more strategic oriented activities. The 1991 marketing study indicated that a market orientation has a positive effect on profitability and helps increase stability in the organization (Little et al 1994, 30). Despite this agreement, some authors note that some businesses are slashing marketing budgets significantly. This is generally attributed to, among other things, a lack of understanding of marketing's role beyond that of public relations and advertising, poor experiences with unqualified marketing personnel, lack of vision that incorporates market research and analysis, failure to define a clear mission for marketing, or lack of hard data which supports the cost-effectiveness of marketing programs (Winston 1994, 5-6). These and similar shortcomings are identified as reasons for marketing failure in studies by numerous researchers (Manu et al 1996, 14). These areas need to be considered in any attempt to establish and develop a new marketing program and will be discussed later with regard to program design.

## Information Systems

One management area is particularly well-suited to complement the strategic nature of marketing. Automation support for marketing activities has come a long

way in recent years and is continuing to develop. All the functions of marketing depend heavily on information by the financial, operational and clinical areas of the hospital. Data required for thorough analysis and market research can be quite complex and cumbersome, yet timeliness in interpreting and reacting to the information is essential. Automation is a key component in this process. Trending of data, developing simulation and forecasting models, decision support, and reporting are effective tools for strategic marketing and planning, and they all rely heavily on management information systems (Aranow 1988, 227). An organization which is dedicated to developing a successful marketing program cannot afford to ignore the need for supporting automation tools.

## Military Participation

Military healthcare organizations are trying to respond to many different types of demands that have risen out of the complex military health care environment. MTFs are reducing their staffs and reducing overall spending, while simultaneously attempting to increase access for beneficiaries, provide improved quality of service, and contain the cost to the consumer. Despite the successes in meeting these demands, MTFs constantly fight a battle of perception. Much of the dissatisfaction expressed by military beneficiaries is the result of *perceived* inequity and poor quality. Identification of customers' needs, wants and expectations, and the subsequent response to those, is the focus of the marketing effort. Therefore, military health care provides an excellent environment for demonstrating the true power of good marketing.

Military medicine has been slowly evolving into a competitive entity. Some geographical regions are well-entrenched in competition while others are still exploring the possibilities. Even those facilities which have been involved with competition for several years are realizing that while trying to survive the initial

transition to managed care, they forgot to keep watching the horizon and have subsequently lost their marketing orientation. This research will attempt to identify the success stories among the military hospitals, as well as gather valuable information from the facilities which have experienced less-than-successful marketing attempts.

## Purpose

The purpose of this management project is to research the professional literature and conduct a survey of business executives associated with the marketing programs at selected sites in order to evaluate the design and function of the marketing programs in these organizations. The survey sites will include both military and civilian hospitals and health care organizations. The goals are to determine (1) how the marketing program is structured (*Where does the department exist in the organizational hierarchy? How large is the staff? What are their qualifications*?), (2) how they chose to establish their programs and what impacted the development (*What do they consider to be their primary purpose? Did initiation of marketing coincide with managed care*?), (3) what function marketing serves for their organization, (4) how well their marketing program performs, and (5) what performance measures are used to determine the success of their program.

Each organization is different, and must consider many variables which will impact on the establishment of a successful marketing program. The evaluation of other organizations will serve to provide a broad base of knowledge upon which WAMC can make intelligent, well-informed decisions as it enters the managed care environment.

The objectives of this research are to (1) conduct a literature review to establish historical development and current trends within the marketing field, (2) evaluate the background and current status of marketing efforts at WAMC, (3) design

and execute a survey of healthcare executives involved in the marketing programs of selected organizations, (4) compile and analyze the results of these surveys, (5) interpret the results of the surveys, and (6) make a recommendation to the WAMC command group concerning the development of marketing efforts to meet the demands of managed care.

To measure the accomplishment of these objectives, criteria must be established to determine what constitutes "meeting the demands of managed care." For the purpose of this research the following elements are necessary for a marketing program to be feasible in a managed care environment: (1) must provide a mechanism for continual assessment of the environment (data collection on consumers and market trends), (2) must provide for timely and skillful analysis of information, and (3) must be structured so as not to be constrained by organizational bureaucracy (must let decision makers make decisions) (Kovner 1995, 348-63).

# CHAPTER TWO

## Methods and Procedures

Based on the defined problem and the objectives outlined, evaluation research techniques complemented by survey research tools will be appropriate. The theories behind these research types are described by Polit and Hungler (1991, 191-202). The purpose of evaluation research is to determine how well a program or practice is working. The program evaluation concept applies to the research at hand because the determination of those characteristics which are consistent with high levels of success are necessary to make informed decisions for WAMC's marketing program. The survey tool will allow for flexibility and a broad scope. It can collect both quantitative and qualitative data which are complementary and , thus, potentially enhance the validity of the findings (Polit and Hungler 1993, 335). Detailed psychometric assessment is included later in this research.

### Research Design

Information necessary for identifying past and current trends in organizations which currently have a marketing program will be gathered through a mail-out survey to marketing directors/coordinators at 245 hospitals and health organizations throughout North Carolina and Virginia. The content of these surveys and the accompanying letter is at Appendix B. The content of the surveys was developed by conducting semi-structured interviews with marketing personnel at seven healthcare organizations. The initial guiding questions for the interviews are included at Appendix C. This list of areas of interest was sent via electronic mail or facsimile to the interviewees prior to the interviews. Each interview lasted between 45 minutes and one and one-half hours, depending on how extensive the marketing program was

and how much information could be provided in written documentation. Written documentation included annual reports, strategic planning documents, organizational charts, job descriptions, marketing brochures, environmental assessments, and historical documents. Following these interviews, all documentation provided was reviewed. The relevant information was consolidated with interview notes to prepare formalized field notes which categorized the information to facilitate comparisons.

This comparison yielded information about variations in terminology, organizational structure, program purpose, levels of formalization, research and measurement methods, and marketing influences. Because the organizations participating in the interviews constitute a broad spectrum of health care organizations (military, VA, university hospital, for-profit, not-for-profit, managed care, ambulatory clinic, community hospital, regional, national, international, stand-alone, network), the interviews helped in the development of survey questions which would be relevant to health care organizations in any of these environments.

The interview sites were determined by a convenience sample based upon the researcher's judgment of a mix of organizations which would provide a broad range of characteristics (indicated above). All of the interview sites were sponsoring graduate Healthcare Administration residents who assisted in the coordination of the interviews. Each organization which agreed to participate received a copy of guiding questions for the interviews. Based upon their assessment of the type of information being sought, each facility identified the individual(s) they felt was/were best able to provide the requested information. Interviews were conducted in November and December 1996.

A draft of the survey questions was prepared and distributed to four individuals in the Fayetteville area. Each of these individuals has extensive healthcare management experience and has either performed or supervised the performance of marketing tasks. Comments were sought concerning ambiguity,

relevance, ease of completion, and overall impression of the survey. The responses from the survey reviewers were compiled and resulted in minor changes in the wording of some questions for the sake of clarity.

These surveys will be distributed to 245 hospitals and health care organizations in North Carolina and Virginia. These states were selected because they make up the TRICARE Mid-Atlantic Region 2, which will oversee the implementation of TRICARE at WAMC and provide assistance with marketing functions. The survey sites were drawn from the American Hospital Association Guide for 1995-6. All JCAHO (Joint Commission on Accreditation of Healthcare Organizations) accredited organizations listed for these two states were included in the survey distribution. One hundred seventeen survey sites are in Virginia; 128 are in North Carolina. Surveys will be mailed out in January 1997 and will include a cover letter, a survey, and a pre-addressed return envelope. Response cut-off date will be 30 days after mailing. No reminders will be sent.

## Analysis

Sixty-two of the 245 surveys were returned prior to beginning analysis, resulting in a response rate of 25.3%. Response rate could have been improved with written or telephonic follow-up to the survey sites. However, time limitations and staffing would not support such efforts for this project. All 62 surveys were analyzed individually in compiling the research data. Therefore sampling was not an issue in this research. In compiling the results of the surveys, the information for the closed questions (yes/no, number of years, multiple choice, etc.) were coded numerically based upon the response and entered into a database as nominal data using SPSS statistical software.

There were only two incidents of missing data on the demographic portion of the survey, both missing elements were completed by the surveyor based upon

organizational profiles provided by the American Hospital Association (1995). There were several incidents of missing data elements in the subjective portion of the survey. No apparent trends were identified that would indicate problems with question interpretation. The subjective portion of the survey was not designed to produce responses equaling 100%. Participants were allowed to include as many, or as few, responses as each felt was appropriate. Statistics showing the frequency of marketing techniques used (as indicated on Tables 8-11) show positive responses only. A respondent with "no response" for a particular question would count no differently than a participant who answered that same question with a different category response. Neither would be indicated as a positive response.

Content analysis was then used to interpret the results of the open questions (survey questions 23-26). These responses were first evaluated to determine if response categories were feasible. After the initial review of responses, it was apparent that categorization techniques could apply here without substantially

deteriorating the richness of the data. Responses were assessed in relation to thematic units, using methodologies described by the General Accounting Office literature (GAO 1989) and by Cooper and Emory (1995, 385-7). It is important to note that content analysis can be used here to identify "what" an organization looks like or does, but it does not attempt to answer "why" an organization does what it does.

The following analysis was performed in accordance with the methodology described by the General Accounting Office's 1989 publication Content Analysis: A Methodology for Structuring and Analyzing Written Material. The first step in the content analysis was to identify the context units. Context units can be any length from chapter to paragraphs to sentences. In this research, most of the responses were in the form of sentences or bullet comments. Therefore, sentences or bullets were the logical choice for context units. From this, the most appropriate recording unit for the

analysis was determined to be a word or group of words which expressed a distinct concept which could be categorized thematically.

The next step was to formulate categories for each question. To do this, the responses for each question were listed in the recording unit format. Each of these lists was then analyzed to attempt to group the responses by themes, each question was determined to have 6-7 identifiable themes plus categories for "Other/None" in order to ensure the categories were exhaustive. The actual thematic categories which were identified for this research and a sample of the recording units which fell into each category are illustrated in Tables 8 through 11.

These categories were coded as nominal data and the frequency of responses in each category were determined. The goal of this analysis was to determine which characteristics or values were present or absent in the responding organizations. No information was compiled on the intensity or frequency of the characteristics or values noted by each organization.

## Psychometrics

The research conducted in the development of the survey instrument was designed to enhance reliability and validity through triangulation--the use of multiple referents to draw conclusions (Polit and Hungler 1991, 383). The type of triangulation applied here is methodological triangulation which uses multiple methods to address the problem. In this instance information was gathered through combination of sources: personal interviews, inspection of documents, organizational observation. This combination provides "...a basis for convergence on truth" (Polit and Hungler 1991, 383).

The greatest concern in ensuring reliability of data when conducting content analysis is the similarity between the coding methods of multiple coders. This concern was addressed by having all coding done by one person.

The validity of the research data gathered through the survey instrument is addressed by combining quantitative and qualitative data. When a researcher's hypothesis "...is supported by multiple or complementary types of data, the researcher can be more confident about the validity of the data" (Polit and Hungler 1993, 335). The issue of content validity is addressed by conducting the survey design interviews with a broad spectrum of organizations. This provides insight into the depth and breadth of information existing in the field, and brings focus to the types of responses different organizations might provide to similar queries. Because this research collects information about perceived success (self-reported) of each organization's marketing program, it is susceptible to weakness in construct validity. This weakness is addressed by application of the *known-groups technique* (Polit and Hungler 1993, 250-2). In this application respondents who have managed care as a primary organizational mission will be compared to those who do not. This should illustrate different levels of commitment and longevity of programs overall, based upon the theory that managed care organizations are, by definition, market oriented enterprises (Cooper 1994).

The *known-groups technique* was performed by separating the data into three groups. The first contained those respondents which identified themselves as having managed care as a primary product line in their organization. The second group consisted of those who, although involved in managed care, did not consider it a primary focus. In the last group were those organizations which had no involvement at all with managed care. The variables used to identify these organizations' level of commitment to marketing programs were the number of full-time-equivalent (FTE) employees dedicated to marketing tasks and whether they had a method for measuring marketing performance. The longevity of the marketing programs in each category was also compared, as was the level of success reported by the organizations.

The results of this technique demonstrated that there was a distinct relationship between an organization's involvement in managed care and their demonstrated market-oriented behavior. The average number of FTE employees in places where managed care was a primary focus was 7.3, in organizations partly involved in managed care the average was 3.2, and the average for non-managed care organizations was 1.6. The corresponding numbers for the percent of organizations in each category which had a method for measuring marketing performance was 72.7%, 68.8%, and 50.0%. The average age of the formal marketing program in each category is 9.6 years, 7.3 years, and 5.2 years. And the self-reported level of success for the marketing programs in each category had means of 54.6%, 36.6%, and 10.0%. These results support a strong construct validity in this research because the anticipated relationships between known groups were successfully illustrated by the survey results.

# CHAPTER THREE

## Results

The results of the survey provide valuable information in two different areas. First, the information gathered from the closed survey questions provide a profile of the health care organizations operating in our region. These responses specifically illustrate the prevalence of managed care in the industry and the increasing investment organizations are making in marketing. These profiles provide insight into which organizational characteristics are present in various places and help identify the associated marketing philosophies which have produced different levels of success in these organizations.

To complement this data, the survey also provides a broad range of information concerning specific the attributes each organization considers vital to the development of successful marketing programs--regardless of whether their organization actually displays these attributes. Using an open question format for gathering this type of information was critical in order to allow the broadest range of responses, thus facilitating the most accurate depiction of each organization's situation and values. The data represented in this section will be addressed in greater length in the next chapter. Comparisons broken down by pertinent categories will also be provided in that discussion.

Of the 245 surveys mailed to health care organizations in North Carolina and Virginia, 62 facilities responded resulting in a response rate of 25.3%. The following tables depict the participant profiles regarding organizational configuration, organization type, geographical area served and the type of services provided by each organization. In organizational configuration, the response of "stand-alones with other activities" means that a hospital also owns or is closely associated with other

health care services which are distinct from the hospital (i.e., home health agency, physical therapy practices, transcription services). Based upon comparisons of the reported organization types of the respondents and the organization types the AHA lists for the entire surveyed population, the distribution of respondents provides a good representation of the surveyed population as a whole. The surveyed population consisted of 77.1% Not-for-Profit (NFP), 15.9% For-Profit (FP), and 6.9% Government. The responding population consisted of 79.0% for NFP, 11.0% for FP, and 9.7% for Government sites. The remaining categories are self-explanatory.

| Organizational Configuration | |
|---|---|
| stand-alone hospitals | 58.1 % |
| in a multi-hospital system | 25.8 % |
| stand-alones w/other activities | 8.1% |
| ambulatory clinics | 1.6 % |
| other | 6.5 % |

| Organization Type | |
|---|---|
| not for profit | 79.0% |
| for profit | 11.0% |
| government | 9.7 % |

| Geographic Service Area | |
|---|---|
| local/multiple counties | 61.3 % |
| regional | 33.9 % |
| national/international | 3.2 % |

| Services Provided | |
|---|---|
| multiple product lines | 82.3 % |
| specialty product line | 12.9 % |
| acute med-surg only | 3.2 % |

Table 1.

The involvement of the responding organizations in managed care activities was considerable, although comparatively fewer regard their managed care involvement as one of their primary activities. This is not surprising due to the relatively recent advent of managed care in the area as indicated by the fact that the organization with the most longevity reported only ten years of involvement. For those reporting participation in managed care activities, the length of involvement ranged from one to ten years, with a mean of 4.46 years and a standard deviation of 2.71.

| Managed Care Involvement | |
|---|---|
| some involvement in managed care activities | 83.9 % |
| OF THIS PERCENT: | |
| managed care is a primary product line | 17.7 % |
| managed care is not primary product line | 82.3 % |
| no involvement in managed care activities | 16.1 % |

Table 2.

Seventy-one percent of the organizations in the survey have a formal marketing program in place. Table 3 shows the reported longevity of these programs and the number of full-time equivalent (FTE) employees dedicated to the marketing mission. One FTE may be a single individual working full-time, or several individuals who work part-time on marketing issues. The range for the age of marketing programs is one year to 26 years. The mean for marketing longevity is 7.84 years, with a standard deviation of 6.29.

| Longevity of Formal Marketing Programs | |
|---|---|
| five years or less | 44.4 % |
| six to ten years | 33.3 % |
| eleven to fifteen years | 15.6 % |
| sixteen or more years | 6.7 % |

| FTE Employees in Marketing | |
|---|---|
| one or less | 37.7 % |
| > 1 to 4 FTEs | 38.7 % |
| > 4 to 8 FTEs | 16.1 % |
| > 8 FTEs | 6.5 % |

Table 3.

The level within an organization's hierarchy where the responsibility for the marketing mission exists is an important indicator of the level of visibility and emphasis marketing receives. Table 4 illustrates how close the marketing director is to the top of the organizational hierarchy and where the primary responsibility for the success or failure of the program lies.

| Location of Marketing within the Hierarchy | |
|---|---|
| directly under CEO | 66.1 % |
| once removed from CEO | 14.4 % |
| two or more positions below CEO | 6.5 % |
| special staff | 4.8 % |
| no position | 8.1 % |

| Primary Responsibility for Marketing | |
|---|---|
| director/vice president | 72.6 % |
| public relations | 19.4 % |
| within each product line | 4.8 % |
| no responsibility assigned | 3.2 % |

Table 4.

An organization's perception of the purpose of a marketing program can significantly impact on the philosophy and methodology employed in developing and executing a marketing plan. The marketing function and the strategic planning function are considered heavily reliant upon one another in 77.4% of the surveyed organizations. And 88.7% of organizations indicate that they have the freedom to develop and pursue marketing initiatives at the local level. Table 5 indicates the aspects of marketing that different sites focus on and how the various survey sites typically choose to conduct market research. The specific techniques for the conduct of the research will be examined in the next chapter.

| Purpose of Marketing Program | |
|---|---|
| promote services/educate customers | 58.1 % |
| identify the needs of customers | 6.5 % |
| both of the above | 30.6 % |

| Method for Marketing Research | |
|---|---|
| contract out only | 50.0% |
| staff analysts in-house only | 4.8 % |
| determined by project needs | 22.6 % |
| info from higher headquarters | 6.5 % |
| does not conduct research | 14.5 % |

Table 5.

Although 79.0% of respondents report having a formal marketing program in place, only 66.1% of all responding organizations apply any technique for measuring the performance of marketing efforts. Measurement of the effectiveness of a marketing program is important to determine an accurate level of success. Table 6 shows the self-reported level of success in these organizations. These evaluations of

success are subjective. Each organization may define success as it chooses. It is apparent by the number of organizations which do not have a technique for measuring success, that many of these self-assessments are the perception of the marketing personnel at each site.

| Self-Reported Marketing Success | |
|---|---|
| still developing | 32.3 % |
| way-off target | 1.6 % |
| moderately successful | 29.1 % |
| successful | 30.7 % |
| model other would want to emulate | 4.8 % |

Table 6.

The raw percentages listed in the preceding tables reflect the responses from all the survey participants. They provide a general profile of the region. To effectively assess which specific organizational characteristics are associated with different methods and outcomes, it is necessary to compare subgroups within the surveyed population.

# CHAPTER FOUR

## Discussion

The survey results will be discussed in two parts. The first section will consist of how the closed data, which was displayed in Chapter 3, compares by subgroups. The primary groupings will be comparisons of for-profit, not-for-profit, and government organizations. Comparisons of the characteristics of those organizations reporting "success" or "worth emulating" (referred to jointly as "success+") will be compared to the characteristics of those which reported lower levels of success. The intent of this section is to note the differences and similarities among the subgroups and what this data suggests about the groups.

The second part of the discussion will address the results of the open questions which will demonstrate the techniques used to measure marketing performance, the influences on development of marketing structure within organizations, the skills which are most valued in a marketing director, and what the surveyed organizations see as the keys to success for their marketing programs. Responses for each of these questions will be compared based on the subgroups listed above.

### Comparison of Closed Question Responses

Using the comparative categories of organization type and self-reported level of success, significant differences begin to emerge in the distribution of organizational characteristics within the categories. [Note: organization type statistics will be listed as: for-profit (FP), not-for-profit (NFP), and government (govt)] Although the distribution of organizations overall was FP-11%, NFP-79%, and govt-10%, those organizations reporting "success+" had a distribution of FP-23%, NFP-73%, and govt-5%. Government facilities report a considerably lower

level of success than their non-governmental counterparts. Only one of the six government organizations report success or better (17%), while for-profits have five of seven (71%) reporting success or better, and not-for-profits have 16 of 49 (33%). This research attempts to identify characteristics which may impact on the reported success levels.

Government facilities are on par with other organizations in the area of managed care involvement, having less than 3 percentage points separating all three categories. The average longevity of managed care involvement is also within a close range among the three. However, government organizations report a much higher percentage (50%) of organizations which consider managed care as a primary product line (and knowledge of the system would indicate that the percentage will increase with full TRICARE implementation). Both for-profits and not-for-profits report 14% of facilities having managed care as a primary product line. Based on the literature reviewed earlier and the known-groups technique employed in the research design, the emphasis on managed care in government organizations should, in theory, indicate a greater involvement in marketing because managed care is a market-oriented enterprise. As the survey results indicate, that is not the case. This disparity emphasizes the fact that, in many respects, government facilities like Womack have not kept pace with others in the health care marketplace.

For-profit organizations report that 100% have formal marketing programs, not-for-profits show 83% with formal programs, and government sites show only 33%. Organizations who rated themselves as "success+" showed 96% having formal marketing programs. The disparate emphasis on marketing is also apparent in the organizational structures within the different types of organizations. One hundred percent of for-profits indicate that marketing is handled by someone working directly for the CEO, similarly they show that 100% place the responsibility for marketing at the vice president/executive level. Not-for-profits report these numbers as 65%

working directly for the CEO, and 74% having marketing responsibility at the executive level. Only 4% of not-for-profit report having no one working on marketing. In contrast, in government facilities 33% have a marketer working for the CEO, 33% have the responsibility for the program at the executive level, and 33% report having no marketing at all. For those organizations reporting "success+" the first two figures are both 86%, with none reporting total absence of marketing.

The purpose of a marketing program can vary based upon the specific mission and goals of the organization. However, by definition, a key component of marketing involves determining the wants, needs and values of target markets (Cooper 1994, 7; Walsh 1996; Manu et al 1996, 12). Facilities responding to the survey indicate that 57% of for-profit sites consider identifying customer needs as the primary focus, or one of the main focuses, of their marketing programs. Not-for-profits show 37% in this category. Government sites have only 17% which consider identification of customer needs as a marketing focus--none considered it the primary focus. Organizations rated "success+" have 37% showing this as the primary focus, or one of the main focuses, of their programs. This different marketing focus for government organizations may be a symptom of the "captive audience" mindset. Military and veterans' hospitals have operated for decades knowing that their customers are defined by law and have no choice but to seek care at these sites, or give up claim for reimbursement of health care costs. Managed care is changing the rules and government facilities must now court their customers, just as the competitive health care industry has done for some time. Marketing for facilities like Womack must extend beyond simply telling customers what is available and where to get it.

Part of the change in marketing focus is linked to the need for organizations to establish competitive strategies which guide all business decisions--including marketing. For-profit organizations report that 100% have marketing and strategic planning inextricably linked. Not-for-profits report 80%, and government sites report

33%. "Success+" sites report 86% operating with interdependent marketing and strategic planning functions. This dissimilarity can also be credited to the historic mind-set of government agencies. Financing is still provided on an annual basis. Few planners feel any confidence in being able to predict what the operating environment may be like in the next year--much less five or ten years down the road. The realities of doing business within the military system change constantly. Local commanders and staff experience frequent turnover which, in turn, can create continual shifts in emphasis within an organization. Additionally, many crucial management decisions are driven by higher headquarters which frequently appear to have no concept of business at the local level. All these issues contribute to a philosophy that strategic planning is merely a paper drill.

A fuller understanding of strategic planning can help overcome this philosophy. The understanding that strategic planning is a dynamic process, and that positioning the organization to successfully adjust to the changes within the environment, is a critical element of successful strategic management. Effective strategic planning will help guide an organization through tumultuous changes and promote continuous development of business and strategic objectives.

Table 7 shows other considerable discrepancies in how government organizations manage marketing programs compared to for-profit and not-for-profit health care organizations. Government sites report they have less freedom to make local marketing decisions than their counterparts. Government sites also indicate less latitude in contracting for professional marketing input from outside the system. The first number on this chart indicates the percent of organizations which use contracting as an exclusive method for marketing projects. The second number indicates the percent of organizations which have the option of contracting for marketing services but may choose other methods depending on the project at hand. Combined, these

figures indicate that non-governmental facilities recognize the importance of, and rely heavily upon, the expertise of specialists in this field.

Additionally, the practice of measuring marketing performance facilitates the identification of what works and what doesn't. It allows organizations to make adjustments mid-stream to ensure the most effective use of marketing resources.

| Freedom to make local marketing decisions | |
|---|---|
| for-profits | 100% |
| not-for profits | 98% |
| government | 33% |
| success+ sites | 100% |

| Freedom to use Contractors for research | | |
|---|---|---|
| | use exclusively | option to use |
| for-profits | 57% | 29% |
| not-for profits | 53% | 25% |
| government | 17% | 0% |
| success+ sites | 50% | 41% |

| Measures marketing performance | |
|---|---|
| for-profits | 100% |
| not-for profits | 65% |
| government | 33% |
| success+ sites | 86% |

Table 7.

Overall, five of the seven for-profit respondents (71%) reported themselves as successful or worth emulating. Only one of the six government organizations (17%) reported themselves as successful. Only one site in the entire survey reported being "way off target" in their marketing program. That site is a government military site.

## Comparison of Open Question Responses

Based on the comparisons provided by the closed question responses, there appears to be potential for improvements in the general marketing philosophy and mechanisms employed in many government health care organizations. To move

toward the successful performance demonstrated by our non-governmental counterparts it is necessary to look into specific aspects of these marketing programs. This section will discuss the results of those survey questions designed to focus on the techniques used in marketing, the influences on a developing program, the most valued skills for marketing directors, and what different organizations view as the keys to success.

Table 8 shows the context units and recording units identified as those techniques organizations use to measure marketing performance. Respondents could list more than one item for the open questions, therefore responses by grouping may be greater than 100%. The two most common responses were *patient surveys/questionnaires* (53.2% report using these) and *revenue/volume performance and measurement* (also 53.2%). *Market research* was used by 29.0%, *patient inquiries* were used by 12.9 %, *coupon response gimmicks* by 11.3%, *employee surveys* by 6.5%, and *awareness/preference tracking* by 6.5%. Those sites rating themselves "success+" showed higher uses of all methods, with the most frequently used being *revenue/volume performance* at 63.6%. For-profits placed even more importance on *revenue/volume measurement* at 85.7%. This indicates that regardless of the marketing methods being used, if the results do not positively impact on the bottom line, they are generally not judged to be successful. Techniques used by not-for-profits generally fell along the same percentages as the total population. Government sites report only using *patient surveys/questionnaires*, with 50.0% of sites using that technique. No other techniques were employed by any government site.

As government sites become more aware of their costs, and dedicate more energy toward tracking usage patterns among their beneficiaries, the issues of how marketing impacts on actual performance will be more feasible--and more necessary.

## Techniques employed most frequently to measure marketing performance

| THEMATIC CATEGORIES | SAMPLE RECORDING UNITS | |
|---|---|---|
| patient surveys/questionnaires | satisfaction surveys<br>community attitude surveys<br>positive patient comments<br>consumer feedback<br>built-in response mechanisms | word of mouth<br>tracking questionnaires<br>post-visit calls<br>community response |
| employee/partner surveys | employee surveys | physician feedback |
| revenue/volume performance measurement | utilization monitoring<br>financial benchmarks<br>patient visits<br>program growth rate<br>market share | patient census<br>revenue<br>volume measures<br>growth/decline statistics<br>contributions to foundation |
| market research | image studies<br>environment reports | focus groups<br>market research studies |
| coupon response/ advertising gimmicks | consumer call-back gimmicks<br>return of call-to-action coupons<br>zip-code targeting response<br>coupon return rate for discount services | |
| awareness/preference tracking | phone research<br>customer knowledge/understanding of services<br>prefernce/awareness surveys (users and non-users)<br>brand recognition | response tracking |
| patient initiated inquiries/ education program attendance | phone/ e-mail inquiries<br>attendance at seminars / special events<br>attendance at community education meetings | call-in referrals |

This table indicates the recording units which were grouped to create the Thematic Categories for "Techniques employed most frequently to measure marketing performance."

Table 8.

**Techniques employed most frequently to measure marketing performance**

| THEMATIC CATEGORIES | RESPONSE FREQUENCIES | | | | |
|---|---|---|---|---|---|
| | TOTAL | SUCCESS | GOVT | FP | NFP |
| patient surveys/questionnaires | 52.3% | 50.0% | 50.0% | 28.6% | 57.1% |
| employee/partner surveys | 6.5% | 13.6% | 0.0% | 14.3% | 6.1% |
| revenue/volume/performance measurement | 53.2% | 63.6% | 0.0% | 85.7% | 53.1% |
| market research | 29.0% | 31.8% | 0.0% | 28.6% | 30.6% |
| coupon response/ad gimmicks | 11.3% | 18.2% | 0.0% | 0.0% | 14.3% |
| awareness/preference tracking | 6.5% | 13.6% | 0.0% | 28.6% | 4.1% |
| patient initiated inquiries/ education program attendance | 12.9% | 18.2% | 0.0% | 28.6% | 12.2% |

This table indicates the frequencies of responses in each category, displayed for the following demographics:

TOTAL: The frequency with which all respondents indicated this category.
SUCCESS: The frequency with which sites rated "success+" indicated this category.
GOVT: The frequency with which government sites indicated this category.
FP: The frequency with which For-Profit sites indicated this category.
NFP: The frequency with which Not-For-Profit sites indicated this category.

Table 8a.

Exploration of the other marketing measurement techniques employed by the civilian sector will be necessary to ensure that government facilities are becoming competitive in the health care marketplace. While patient surveys are popular in all sectors, they will be more effective when used in conjunction with other methods to determine the effectiveness of marketing efforts.

There are countless forces within the marketplace in general, and each organization in particular, that can influence the development of a marketing program. No two paths will be identical. Each program must respond to the issues at hand and work within the constraints of their environment. Being aware of those forces which organizations with established marketing programs have found to be the most influential in their development can assist sites with younger programs in planning and preparing for their own development. The recording units for the biggest influences on the development of marketing structure are listed in Table 9.

The most frequently mentioned response in every category (except government) is *market trends/competition.* Twenty-nine percent of all respondents list this as the primary influence. "Success+" sites show 31.8%, for-profits show 42.9%, and not-for-profits show 30.6%. None of the government sites listed this as an influence for their marketing. The highest rated influence for government agencies is *higher headquarters* at 66.7%. Organizations rated "success+" also listed the *knowledge/skills of the marketer/CEO* and *community needs* as major influences. For-profits listed *mission/vision/values/goals in planning* as their next most influential force. None of the for-profits listed resource allocation as a major influence on marketing development. Not-for-profits listed *community needs*, *knowledge/skills of marketer/CEO*, and *resource allocation* as other major influences. Government sites consider *resource allocation* as a primary influence with 33.3%. Not a single government site listed *community needs* as an influence on marketing structure.

**Biggest influences on development of marketing structure**

| THEMATIC CATEGORIES | SAMPLE RECORDING UNITS |
|---|---|
| knowledge / skills of CEO or marketer | values of CEO<br>leadership<br>marketer/vice president's past experience<br>key staff's knowledge |
| market trends / competition | competitive pressures — market trends<br>community profile — SWOT analysis<br>competitive analysis — changes in managed care<br>market research — threat of healthcare reform<br>identify viable avenues<br>need for strategic planning and positioning |
| mission / vision / values / goals in planning | strategic plan — business plan<br>quality planning — goals<br>mission, vision, values or organization |
| resource allocation /realignment | financial objectives — budget<br>costs — available resources<br>financing — corporate downsizing<br>organization decentralization — geographic expansion |
| higher headquarters / outside agency | working with ad agency — central office<br>DoD initiatives — Gallup results<br>AHA guidelines — higher headquarters directives |
| community needs / interest | perceived need to educate — needs of serviced population<br>need to improve image — market/community needs<br>image enhancement — identify lack of awareness<br>concerned citizens |
| changes in services | new services being offered — change in services<br>specialty mission requires special education<br>change in non-profit status |

This table indicates the recording units which were grouped to create Thematic Categories for "Biggest influences on developing structure."

Table 9.

## Biggest influences on development of marketing structure

| THEMATIC CATEGORIES | RESPONSE FREQUENCIES | | | | |
|---|---|---|---|---|---|
| | TOTAL | SUCCESS | GOVT | FP | NFP |
| knowledge/skills of CEO or marketer | 19.4% | 31.8% | 16.7% | 0.0% | 22.4% |
| market trends/competition | 29.0% | 31.8% | 0.0% | 42.9% | 30.6% |
| mission/vision/values/goals in planning | 12.9% | 18.2% | 16.7% | 28.6% | 10.2% |
| resource allocation/realignment | 21.0% | 18.2% | 33.3% | 0.0% | 22.4% |
| higher HQ/outside agency | 16.1% | 13.6% | 66.7% | 14.3% | 10.2% |
| community needs/interests | 21.0% | 27.3% | 0.0% | 14.3% | 24.5% |
| changes in services | 12.9% | 18.2% | 0.0% | 14.3% | 14.3% |

This table indicates the frequencies of responses in each category, displayed for the following demographics:

TOTAL: The frequency with which all respondents indicated this category.
SUCCESS: The frequency with which sites rated "success+" indicated this category.
GOVT: The frequency with which government sites indicated this category.
FP: The frequency with which For-Profit sites indicated this category.
NFP: The frequency with which Not-For-Profit sites indicated this category.

Table 9a.

These responses are very revealing about the differences in governmental and non-governmental organizations. Government sites appear to be told what to do by upper echelons which often have no idea what the local needs might be, and any local initiatives are heavily driven by resource constraints. The government can benefit from adopting the concept that marketing should be driven by the needs, wants and values of the target population. Local commanders know their populations best, and should retain the freedom to focus efforts as needed. Additionally, requirements should drive funding in the marketing arena. The for-profit sites already indicate that this is the case in their organizations. Effective marketing programs will demonstrate a return on investment. That is why being able to measure those returns is critical, in order to justify the investment of valuable resources.

Thirty-two percent of "success+" organizations indicate that the knowledge and skills of their marketer were major influences on the development of their marketing program. Knowing precisely which skills are most valued can help in the selection and development of marketing professionals. Table 10 displays the recording units for the most important skills of a marketing director. *Communication skills* were the listed as the most valued skills for every category. The percent of organizations listing this were: overall 54.8%, "success+" 59.1%, for-profit 71.4%, not-for-profit 53.1%, government 50.0%. *Communication skills* was the only category listed by government sites. "Success+" organizations showed high values for each marketing skill: *technical skills* 40.9%, *leadership skills* 27.3%, *managerial skills* 40.9%, *knowledge/experience* 22.7%, and *personality traits* 36.5%. The range of valued skills indicates that a successful director must be multi-faceted and able to respond to a wide variety of demands. For-profits seemed to value *technical skills, managerial skills* and *knowledge/experience* most. Not-for-profits valued *technical skills* and *personality traits* most often.

## The most important skills of a marketing director

| THEMATIC CATEGORIES | SAMPLE RECORDING UNITS | |
|---|---|---|
| communication skills | persuasiveness<br>writing skills<br>tact<br>presentation skills | ability to interact effectively<br>interview ability<br>people skills<br>diplomacy |
| technical skills /data savvy | experience with statistics<br>analytical ability<br>analysis and interpretation<br>declosn-making skills<br>variance correction | business background<br>financial impact analysis<br>computer literacy<br>forecasting<br>problem solving |
| leadership skills | team development<br>leadership | motivator<br>facilitating others |
| managerial skills | time-management skills<br>being organized<br>able to see big picture<br>looks ahead<br>strategic thinker | planning skills<br>ability to prioritize<br>attention to detail<br>sets goals / objectives |
| knowledge/experience | knowledge of community<br>knowledge of market<br>understands nuances of healthcare<br>knowledge of industry / market trends | marketing experience<br>knows target population |
| personality traits | dedication<br>guts<br>humble<br>energy<br>tenacity | thick-skinned<br>creative<br>humor<br>persistence |

This table indicates the recording units which were grouped to create the Thematic Categories for "The most important skills of a marketing director."

Table 10.

## The most important skills of a marketing director

| THEMATIC CATEGORIES | RESPONSE FREQUENCIES | | | | |
|---|---|---|---|---|---|
| | TOTAL | SUCCESS | GOVT | FP | NFP |
| communication skills | 54.8% | 59.1% | 50.0% | 71.4% | 53.1% |
| technical skills/data savvy | 41.9% | 40.9% | 0.0% | 57.1% | 38.8% |
| leadership skills | 11.3% | 27.3% | 0.0% | 28.6% | 8.2% |
| managerial skills | 30.6% | 40.9% | 0.0% | 57.1% | 30.6% |
| knowledge/experience | 35.5% | 22.7% | 0.0% | 57.1% | 32.7% |
| personality traits | 35.5% | 36.5% | 0.0% | 14.3% | 38.8% |

This table indicates the frequencies of responses in each category, displayed for the following demographics:

TOTAL: The frequency with which all respondents indicated this category.
SUCCESS: The frequency with which sites rated "success+" indicated this category.
GOVT: The frequency with which government sites indicated this category.
FP: The frequency with which For-Profit sites indicated this category.
NFP: The frequency with which Not-For-Profit sites indicated this category.

Table 10a.

Just as the development of a program design and the skills most valuable for a marketing director vary based on organizational requirements, so will the key elements of a successful program. However, the survey responses indicate that there are several primary areas that all categories of respondents feel are key to successful marketing (see Table 11). A top response for all organizational categories was *customer focus*. This is interesting because none of the government sites listed community needs as influencing their marketing design, but 66.7% recognize it as the key to success. *Emphasis on marketing at all levels* was highly valued by "success+" sites at 40.9% and not-for-profits at 32.7%. For-profits differed from all other categories by having 57.1% of respondents list *good product/good people* as the foremost key to success. "Success+" sites responded with 27.3% in this category, which matched the number of sites listing *consistency* as a key. Other than *customer focus*, the only other responses by government sites placed an emphasis on *vision and planning.*

All of the keys to success mentioned by the survey participants are certainly worthwhile and will undoubtedly serve as valuable points of consideration in the development of a new marketing program. The task of creating and developing a successful marketing program at a site where there are presently few, if any, concerted marketing plans or initiatives, can be daunting. The ability to consider the values and characteristics of more experienced healthcare organizations can be invaluable.

## Keys to success for a successful marketing program

| THEMATIC CATEGORIES | SAMPLE RECORDING UNITS |
|---|---|
| use of data | use research effectively<br>data-driven decision making<br>needs/benefit analyses<br>good data |
| emphasis on marketing | marketer at executive level in organization<br>marketing works directly with CEO<br>marketing works closely with the board<br>cooperation from administration<br>get buy-in from institution / employees<br>view that marketing is essential<br>understanding of the marketing purpose |
| customer focus | listen to your customers<br>visibility in community<br>know who your customers are<br>identify what it is you want your customers to do<br>community awareness<br>community involvement<br>identify needs / wants |
| provision of adequate resources | money<br>human resources<br>dedicated inidividual without other responsibilities<br>getting administrative support<br>getting funding/resources |
| consistency | consistent message and image<br>ongoing communication about marketing initatives<br>continuity<br>clarity of purpose |
| vision / planning | effective marketing plan<br>target marketing<br>heave clear course/goals<br>selective strategy based on market knowledge<br>market segmentation<br>monitor/measure results<br>follow a plan/measure outcomes |
| good product / good people | belief in product<br>great attitude<br>dedicated staff<br>determination<br>ensuring a great customer experience<br>a great product<br>continual product development<br>inspiration<br>always look for ways to improve |

This table indicates the recording units which were grouped to create the Thematic Categories for "Keys to success for a marketing program."

Table 11.

**Keys to success for a successful marketing program**

| THEMATIC CATEGORIES | RESPONSE FREQUENCIES | | | | |
|---|---|---|---|---|---|
| | TOTAL | SUCCESS | GOVT | FP | NFP |
| use of data | 12.9% | 13.6% | 0.0% | 14.3% | 14.3% |
| emphasis on marketing | 29.0% | 40.9% | 0.0% | 14.3% | 32.7% |
| customer focus | 41.9% | 45.5% | 66.7% | 28.6% | 40.8% |
| provision of adequate resources | 14.5% | 18.2% | 0.0% | 14.3% | 16.3% |
| product/price/place/promotion | 17.7% | 27.3% | 0.0% | 14.3% | 18.4% |
| vision / planning | 19.4% | 9.1% | 33.3% | 0.0% | 20.4% |
| good product / good people | 16.1% | 27.3% | 0.0% | 57.1% | 12.2% |

This table indicates the frequencies of responses in each category, displayed for the following demographics:

TOTAL: The frequency with which all respondents indicated this category.
SUCCESS: The frequency with which sites rated "success+" indicated this category.
GOVT: The frequency with which government sites indicated this category.
FP: The frequency with which For-Profit sites indicated this category.
NFP: The frequency with which Not-For-Profit sites indicated this category.

Table 11a.

# CHAPTER FIVE

## Recommendations

The goal of this research was to attempt to identify the optimal design, function, staffing and organizational interfaces for establishing and developing a marketing program at Womack Army Medical Center (WAMC) that will best meet the demands of managed care. Before the research results are applied to recommend specific actions that can be taken by Womack to improve its marketing position relative to managed care, there are developments which have taken place at Womack during the later stages of this research which will be relevant to such recommendations.

A hiring action for a marketing specialist was initiated by Womack in December and sent to the Fort Bragg Civilian Personnel Office (CPO) which is the only agency authorized to hire government service employees at this installation. Womack had formed a committee within the hospital to help evaluate the candidates and select the best qualified. However, the CPO system in the military is highly structured, inflexible, and not designed to meet the needs of those involved in the hiring process. As a result, the selection committee was subsequently told that due to hiring priorities within the CPO system, CPO had selected someone they felt was fully qualified and no evaluation or selection was authorized to be performed by the hiring organization. This turn of events impacted this project because it did not allow Womack to apply the research results towards the evaluation and selection of a marketing director. This situation shifts the focus of the recommendations from selection of a marketing director, to the development of the new staff member into an effective tool for Womack.

Based on previous experience in the government system, the new marketer undoubtedly possesses some of the desired characteristics and appears to be well suited for the challenges that lay ahead. With the new marketer on board, Womack now has the ability to begin aggressively pursuing program development which will position Womack for the rapidly approaching implementation of managed care through the TRICARE initiative. The criteria established for evaluating the ability of a marketing program to operate effectively in a managed care environment are as follows: (1) must provide a mechanism for continual assessment of the environment (data collection on consumers and market trends), (2) must provide for timely and skillful analysis of information, and (3) must be structured so as not to be constrained by organizational beaurocracy (must allow decision makers to make decisions).

Design

The marketing program design at Womack Army Medical Center should allow the marketing director to report directly to the Executive Committee and provide for frequent and regular information exchange at that level. High visibility, as well as high-level placement of the responsibility for marketing performance, is strongly associated with successful programs. Concerted effort from the command group is needed to interface with higher headquarters to facilitate the greatest level of freedom at the local level, and to provide resources necessary to pursue new initiatives. Continuing support of any initiative should be closely tied to demonstrated results which support established marketing objectives. Marketing objectives must be clearly established based upon the strategic business plan for the organization. Objectives must be constantly reassessed to ensure that marketing plans are responsive to the changing environment and the evolving organizational strategy.

The vast majority of healthcare organizations outside the government system, and some within, clearly value the expertise of specialists in the field of marketing. Even those which employ a marketing staff of their own routinely seek assistance

from experts. As a newcomer in both managed care and marketing, Womack has much to gain from investing in expert advice in these areas. Such input may require a significant commitment of resources initially and a cost-benefit analysis may be appropriate to determine the optimal level of assistance. The earlier such intervention occurs, the greater the long term value, as it will help focus efforts and reduce unnecessary expenditure of effort and resources.

The program design should pay particular attention to developing assessment mechanisms. The survey results demonstrate that measurement tools are plentiful and varied. Thorough exploration of these tools is warranted in order to determine those best suited to Womack. Less conventional methods are frequently very effective in uncovering new and useful information. The ability to quantify results is essential, and the interpretation of marketing data can be quite complex. Both the marketing director and the executive staff which oversees the marketing effort must develop their analysis and interpretation skills to promote critical evaluations of marketing efforts. This is an area where seeking outside expertise can be very helpful.

Function

There is clearly a need for the marketing program to both identify the needs, wants and values of the community and the target service population, and promote and educate customers regarding the services available. These two functions must be interdependent. Identifying the needs, wants and values will dictate those programs and services which will be of greatest benefit to the customers. In turn, the programs and services offered will shape many of the expectations customers have for the hospital and their own health care. The marketing program is an indispensable link in providing effective two-way communication between Womack and its beneficiaries.

Staffing

It is premature to develop true staffing expectations. Staffing levels of surveyed sites were heavily dependent on facility size. However, the vast majority

had more than one individual working on marketing initiatives. Staffing levels at Womack should be based on demonstrated need. As the program matures, and workload and productivity levels become more defined, the staffing requirements should be assessed based on a cost-benefit analysis.

Continual development of the knowledge, skills and abilities of the marketing staff is critical, whether it consists of one person or many. Communication skills are extremely important and there are many avenues available for developing these skills as well as managerial and leadership skills. Acquiring the necessary statistical and analytical skills may require some formal education. Womack should invest in developing the technical skills of the marketing director. Performance measurement cannot be conducted reliably without such expertise.

Organizational Interface

A successful marketing program will require the support and dedication of the entire hospital staff. The marketer must be familiar with every aspect of the organization and should interact with every department on a frequent basis. Knowing Womack's products and its people will help communicate the importance of everyone's role in the marketing effort. Our for-profit competitors consider this their most important key to success!

The marketer must be free to explore all aspects of the organization and identify crucial associations and missing links in the continuum of care. This should become easier as Womack moves further into a product line structure. Pursuing needed improvements must not be constrained by organizational beaurocracy. The marketer must have the authority to work at all levels to identify needed improvements (recognizing that communicating to all process participants is a cornerstone to any successful implementation).

Above all, the marketing program must have the total commitment of the executive staff, and be continually visible to the staff and community. Effective

marketing will bring both relevance and consistency to management decisions and strategic planning within the hospital by cultivating data sources and providing accurate information and analysis of the environment in which we operate. Subsequently, marketing will take the resulting decisions and strategy, and use them to implement programs designed to support continuing success in accomplishing organizational goals. Development of an effective marketing program will prove essential to Womack Army Medical Center's success in the evolving managed care environment.

## APPENDIX A

## SWOT Matrix from the 1995 WAMC Marketing Plan, page 176

IV. SWOT MATRIX

A. STRENGTHS

* WAMC's strengths are its human and facility resources.
* The fact that WAMC is a military institution, and thus has a captive customer base.

B. WEAKNESSES

* Beneficiaries over age 65 do not have access to the TRICARE program.

C. OPPORTUNITIES

* To increase beneficiaries' access to services through the TRICARE program.
* To provide more services that beneficiaries desire, as per the inpatient and outpatient surveys.
* Access to technological advances in military medicine.

D. THREATS

* DoD's downsizing of the military and its health care system increases pressure on MTFs to provide services for more and more beneficiaries while budgets are being cut.
* Retirees' objections to what they perceive as their benefits being cut and lack of access to the TRICARE program after age 65.

## APPENDIX B

### Cover letter and survey instrument

Captain Karen N. Plante
Administrative Resident
P.O. Box 72632
Fort Bragg, NC 28307
(910) 432-5081

January 6, 1997

Dear Marketing Director,

My name is Karen Plante. I am a Captain in the United States Army and am currently completing an Administrative Residency at Womack Army Medical Center, working toward the completion of a Masters Degree in Healthcare Administration through Baylor University.

In fulfillment of degree requirements, I am conducting a research project to identify characteristics and methods which contribute to successful marketing programs in different types of healthcare organizations. Your participation is greatly appreciated and is very important to this study. The results of this research will be available to all participants. Requests for results may be made via e-mail to *ejwg84b@ prodigy.com* anytime after June 1, 1997.

Please complete the brief questionnaire which is enclosed. A pre-addressed envelope is included. I understand your time is very valuable and I truly appreciate your contribution to this research and to the growing body of knowledge in healthcare marketing.

Thank you for your participation.

Sincerely,

Karen N. Plante
Captain, Medical Service Corps

# Marketing Survey

**Please complete and mail by March 1, 1997.**

ORGANIZATIONAL INFORMATION

1. Organization Name:_____

2. What is your organization's configuration:
   - 0 Stand-alone hospital
   - 0 Multi-hospital system
   - 0 Managed care organization
   - 0 Ambulatory clinic
   - 0 Other:_____

3. What is your organization type?
   - 0 For Profit
   - 0 Not For Profit
   - 0 Government
   - 0 Other:_____

4. What geographical areas do you serve?

5. What type of services do you provide (acute med/surg, psych, home health, long-term, etc.)

6. What is your organization's governance structure:
   - 0 Board of Directors / Trustees
   - 0 President
   - 0 Regional/ National Headquarters
   - 0 Other:_____

7. Approximately how long has your organization been in existence? _____

MANAGED CARE STATUS

8. Is your organization involved in managed care? YES NO

9. If yes, how long has your organization been involved with managed care? _____

10. Is managed care a primary product line for your organization? YES NO

MARKETING FUNCTION

11. Does your organization have a formal marketing program? YES NO

12. If so, how long has your organization had a formal program?_____

13. Where does the primary responsibility for marketing rest in your organization?
    - 0 No one - there is no single coordinator
    - 0 Marketing Director / Vice President / Senior Executive
    - 0 Within each product line or specialty
    - 0 Public Relations Office / Public Affairs
    - 0 Other _____

14. Where is the marketing position relative to your organizational chart (please include a chart if available)?
    - 0 N/A (no position)
    - 0 Vice President or equivalent / works directly under CEO
    - 0 Subordinate to Vice President or Equivalent / once removed from CEO
    - 0 Special Staff / Outside typical hierarchy
    - 0 Subordinate staff position / two or more levels below CEO

15. Approximately how many full-time-equivalent employees are dedicated to marketing?

16. Which of the following do you consider to be the primary purpose of your marketing program?
    - 0 To promote your services and educate your customers
    - 0 To identify the needs of your customers
    - 0 Other:_____

17. Would you say that the marketing and strategic planning functions in your organization rely heavily upon one another? YES NO

18. Does your organization have the freedom to develop and pursue marketing initiatives? YES NO

20. How does your organization conduct market research?
    - 0 We do not conduct market research
    - 0 We have analysts on staff
    - 0 We contract this task
    - 0 This information is provided by a higher headquarters
    - 0 Other:_____

21. Does your organization measure its marketing performance? YES NO

22. Do you consider your marketing program:
    - 0 Still developing
    - 0 Way off target
    - 0 Moderately successful
    - 0 Successful
    - 0 A model that others would want to emulate

23. What techniques do you employ most frequently to measure marketing performance?

24. What are some of the biggest influences on how your marketing structure developed?

25. What do you consider to be the most important skills of a marketing director?

26. What do you see as the "Key to Success" for a successful marketing program?

26. What is the name, position and phone number of the individual completing this questionnaire?

---

*(Permission of the participating organization will be sought before any organization specific information is included in the research narrative.)*

## References

Achrol, Ravi S., "Evolution of the Marketing Organization: Forms in Turbulent Environments," Journal of Marketing 55 (October 1991): 77-93.

American Hospital Association, The AHA Guide to the Health Care Field, Chicago, Illinois: American Hospital Association, 1995.

Aranow, David B., "Management Information Systems: Their Role in the Marketing Activities of HMOs," Health Care Management Review 13(4) (1988): 59-64.

Cooper, Donald R. and C. William Emory. Business Research Methods, 5th ed., Chicago, Illinois: Richard D. Irwin, Inc., 1995.

Cooper, Philip D. Health Care Marketing: A Foundation for Managed Quality, 3d ed., Gaithersberg, Maryland: Aspen Publishers, Inc., 1994.

DoD(HA)/TRICARE Marketing Office, 1996 TRICARE Marketing Plan, Falls Church, VA: United States Government, 1996.

Dolan, Robert J. Strategic Marketing Management. Boston: Harvard Business School Publications, 1991.

Griffith, Mary Jane and Nicholas Baloff, "Start-up Analysis for Marketing Strategy," Journal of Health Care Marketing 4:3 (Summer 1984): 17-26.

Jeffrey, Nancy Ann, "Hospitals are Using Commercials to Boost Ailing Patient Numbers." The Wall Street Journal (September 26, 1996): B10.

Johnson, Richard L. "HCMR Perspective: The Economic Era of Health Care," Health Care Management Review 19(4) (Fall 1994): 64-72.

Kotler, Philip and Alan R. Andreasen. Strategic Marketing for Nonprofit Organizations, 3d ed., Englewood Cliffs, New Jersey: Prentiss-Hall, Inc., 1987.

Kotler, Philip and Sidney J. Levy. "Broadening the Concept of Marketing," Journal of Marketing, (January 1969): 10-15.

Kotler, Philip and Gerald Zaltman. "Social Marketing: An Approach to Planned Social Change," Journal of Marketing, (July 1971): 3-12.

Kovner, Anthony R. Jonas's Health Care Delivery in the United States, 5th ed., New York: Springer Publishing Company, 1995.

Little, Michael W., Dennis McDermott and Frank J. Franzak, "Factors Related to Hospital Use of Strategic Marketing Activities," Journal of Hospital Marketing 9(1) (1994): 17-31.

Manu, Franklyn A., Philip D. Cooper and Walter Reinhart, "The Status of Marketing in the Health Care Industry: Perspectives of Marketing Practitioners," Journal of Hospital Marketing 10(2) (1996): 11-23.

Naidu, G.M. and C.L. Narayana, "How Marketing Oriented Are Hospitals in a Declining Market?" Journal of Health Care Marketing 54 (October 1991): 23-30.

Polit, Denise F. and Bernadette P. Hungler. Nursing Research: Principles and Methods, 4th ed., Philadelphia: J. B. Lippincott Company, 1991.

Polit, Denise F. and Bernadette P. Hungler. Essentials of Nursing Research: Methods, Appraisal and Utilization, 3d ed., Philadelphia: J. B. Lippincott Company, 1993.

Ruekert, Robert W. and Orville C. Walker, Jr., "Marketing's Interaction with Other Functional Units: A Conceptual Framework and Empirical Evidence," Journal of Marketing 51 (January 1987): 1-19.

Schultz, Don E., Stanley I. Tannenbaum and Robert F. Lauterborn. The New Marketing Paradigm. Lincolnwood, Illinois: NTC Business Books, 1996.

Shapiro, Benson, "Marketing for Non-profit Organizations," Harvard Business Review, (September/October 1973): 223-32.

Smith, Howard L. and Richard A. Reid. Competitive Hospitals. Rockville, Maryland: Apsen Publishers, Inc., 1986.

Stanley, David, "Information Paper. Subject: LTG Blanck's Focus for the Army Medical Department," MCAT-OP, 23 September 1996.

United States Army Medical Department, "White Paper. Subject: The Future Vision of the Army Medical Department," (www.medcom.amedd.army.mil/otsg/paper.htm). 1996.

United States General Accounting Office, Program Evaluation and Methodology Division, Transfer Paper 10.1.3: "Content Analysis: A Methodology for Structuring and Analyzing Written Material, Washington, D.C., March 1989.

Walker, Orville C., Jr. and Robert W. Ruekert, "Marketing's Role in the Implementation of Business Strategies: A Critical Review and Conceptual Framework," Journal of Marketing 51 (July 1987): 15-33.

Walsh, Terry, "Marketing Healthcare," presented at BAMC Managed Care Conference, 1996.

Webster, Frederick E., Jr., "The Changing Role of Marketing in the Corporation," Journal of Marketing 56 (October 1992): 1-17.

Winston, William J., "Reengineering Hospital Marketing," Journal of Hospital Marketing 9(1) (1994): 5-15.

## Other Resources

Appleby, Chuck, "HMOs on the Move," Health & Hospital Networks (November 20, 1995): 29-32.

Cohn, Rhea, "Strategies for Positioning in the Managed Care Marketplace," Journal of Hand Therapy (January-March 1994): 5-9.

Duncan, W. Jack, Peter M. Ginter and Linda E. Swayne. Strategic Management of Health Care Organizations, 2d ed., Cambridge, Massachusetts: Blackwell Publishers, Inc., 1995.

Johnson, Everett A., "The Public's Future Perspective on Managed Care," Health Care Management Review 20(2) (Spring 1995): 45-7.

Kronick, Richard, et al, "The Marketplace in Health Care Reform," The New England Journal of Medicine 328:2 (January 14, 1993): 148-152.

Narvor, John C., Stanley F. Slater, and Seong Y. Park, "The Market Orientation--Profitability Linkage: Are There Environmental Moderators?" American Marketing Association Educators' Proceedings Chicago: American Marketing Association (1992). Quoted in Little, Michael W., Dennis McDermott and Frank J. Franzak, "Factors Related to Hospital Use of Strategic Marketing Activities," Journal of Hospital Marketing 9(1) (1994): 17-31.

# REPORT DOCUMENTATION PAGE

*Form Approved*
*OMB No. 0704-0188*



| 1. AGENCY USE ONLY *(Leave blank)* | 2. REPORT DATE | 3. REPORT TYPE AND DATES COVERED |
|---|---|---|
| | MAY 1997 | FINAL REPORT (7-96 TO 7-97) |

**4. TITLE AND SUBTITLE**

THE DEVELOPMENT OF A MARKETING PROGRAM FOR WOMACK ARMY MEDICAL CENTER FORT BRAGG, NORTH CAROLINA

**5. FUNDING NUMBERS**

**6. AUTHOR(S)**

CPT KAREN N. PLANTE, MS

**7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES)**

WOMACK ARMY MEDIAL CENTER
FORT BRAGG, NC

**8. PERFORMING ORGANIZATION REPORT NUMBER**

2 -97

**9. SPONSORING / MONITORING AGENCY NAME(S) AND ADDRESS(ES)**

US ARMY MEDICAL DEPARTMENT CENTER AND SCHOOL
BLDG 2841 MCCS-HRA (US ARMY-BAYLOR PROGRAM IN HCA)
3151 SCOTT RD SUITE 1411
FORT SAM HOUSTON TEXAS 78234-6135

**10. SPONSORING / MONITORING AGENCY REPORT NUMBER**

**11. SUPPLEMENTARY NOTES**

**12a. DISTRIBUTION / AVAILABILITY STATEMENT**

APPROVED FOR PUBLIC RELEASE; DISTRIBUTION IS UNLIMITED

**12b. DISTRIBUTION CODE**

**13. ABSTRACT** *(Maximum 200 words)*

Over the past decade, marketing has become a widely accepted business practice in the health care marketplace. This development has been further fueled by the increasing prevalence of managed care in the industry. Managed care, by definition, is a market based enterprise. Its successful implementation requires organizational commitment to market-based principles. This research assesses the design, function, and success of a variety of health care organizations geographically located in TRICARE Mid-Atlantic Region 2 (North Carolina and Virginia). The survey results profile and compare the demographic characteristics, managed care participation, and marketing use and development of for-profit, not-for-profit, and government health care organizations.

The study results are assessed based on their implications for the development of a successful marketing program for Womack Army Medical Center at Fort Bragg, North Carolina. Recommendations are made concerning the optimal design, function, staffing and organizational interfaces that will allow Womack to best meet the demands of the managed care environment.

| 14. SUBJECT TERMS | 15. NUMBER OF PAGES |
|---|---|
| MARKETING | 62 |
| | 16. PRICE CODE: N/A |

| 17. SECURITY CLASSIFICATION OF REPORT | 18. SECURITY CLASSIFICATION OF THIS PAGE | 19. SECURITY CLASSIFICATION OF ABSTRACT | 20. LIMITATION OF ABSTRACT |
|---|---|---|---|
| UNCLASSIFIED | UNCLASSIFIED | UNCLASSIFIED | UNLIMITED |